

[19 March, 2001]

RAJYA SABHA

**Disinvestment of Steel Companies**

2400. SHRI K. KALAVENKATA RAO: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether there is a proposal to disinvest in public sector steel companies;

(b) if so, the details thereof; and

(c) when will it be implemented?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) to (c) Disinvestment is a continuous process. As a part of the process, Government keeps considering proposals for disinvestment in various Public Sector Enterprises (PSEs) from time to time. Disinvestment is being considered and carried out in various Public Sector Enterprises, including those in the steel sector, in accordance with the declared disinvestment policy of the Government. The disinvestment process in respect such PSEs is in different stages of implementation. Implementation process in respect of disinvestment in Sponge Iron India Ltd. has reached an advanced stage. In Steel Authority of India Ltd. (SAIL), a financial-cum-business restructuring plan is being implemented which includes disinvestment and sale in some of its units.

**Disinvestment of Hindustan Zinc Ltd.**

2401. SHRI RAJEEV SHUKLA: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether Government propose to disinvest a part of stocks of Hindustan Zinc Ltd.

(b) if so, what per cent of its investment is planned to be off-loaded and when;

(c) whether Government will consider adopting the same pattern as was adopted for BALCO; and

(d) whether Government have evaluated the advantage and disadvantages of off-loading a layer part as was done in BALCO?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) Yes, Sir.

(b) Government has decided for disinvestment of 26% equity in Hindustan Zinc Ltd. through strategic sale with giving appropriate role in management to the strategic partner.

(c) and (d) Although the general procedure of sale of equity through strategic sale remains broadly the same, the pattern followed for disinvestment in BALCO can not be replicated in case of disinvestment in Hindustan Zinc Ltd. for various reasons like the following:—

- BALCO was a 100% Government held company and therefore 51% equity could be sold to the strategic partner while retaining 49%. In case of HZL Government holds only 75.92% of the paid-up capital of the company while balance is held by the financial institutions and public.
- BALCO was not a public listed company but HZL is a public listed company and the shares of the company are traded on Bombay Stock Exchange. The acquirer of the strategic stake offered by the Government would be required to make an open offer for acquiring further shares from other shareholders in accordance with the SEBI take over code. Such a stipulation was not required in case of BALCO since it was not listed on stock exchange.

Therefore, different transactions can not be completed in identical manner since the facts and circumstances of every transaction like percentage of equity offered, the quality and number of interested parties, terms and conditions of sale, financial performance of the concerned companies, future prospects of the business of the company are different. The process of disinvestment and the policy of disinvestment are improved/streamlined with the experience gained over time. The experience of disinvestment in BALCO will be useful in the disinvestment of HZL.